

## Message Text

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PAGE 01 BELGRA 06225 221140Z

15

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 4845

INFO USMISSION EC BRUSSELS

C O N F I D E N T I A L BELGRADE 6225

E.O. 11652: GDS

TAGS: ETRD,YO,EEC,US

SUBJECT: SECRETARY BUTZ DISCUSSIONS WITH YUGOSLAV SENIOR  
OFFICIALS

1. SECRETARY BUTZ AND I MET NOV 20 WITH FOREIGN TRADE  
SECRETARY LUDVIGER AND VICE PRESIDENT, FEDERAL  
EXECUTIVE COUNCIL SEFER. SEPTTEL WILL PROVIDE WRAP-UP  
OF VISIT. LUDVIGER AND SEFER WERE ANXIOUS TO DISCUSS  
YUGOSLAVIA'S UNFAVORABLE BALANCE OF PAYMENT (ALTHOUGH  
LUDVIGER INDICATED DEFICIT FOR 1975 WOULD BE APPROXI-  
MATELY DOLS ONE BILLION, WHICH IS LESS THAN PREVIOUSLY  
PREDICTED). THEY VIGOROUSLY COMPLAINED ABOUT  
PROTECTIONISM IN EC. SECRETARY BUTZ RESPONDED WITH  
HIS OWN CRITICISM OF EUROPEAN COMMON AGRICULTURAL  
POLICY AND INDICATED US AND YUGOSLAVIA SHARED COMMON  
GOAL IN OPENING THE EUROPEAN AGRICULTURAL MARKET.

2. LUDVIGER WENT ON TO APPEAL FOR HELP IN EXPANDING  
ALL YUGOSLAV EXPORTS ABROAD TO BOTH EUROPEAN  
COMMUNITY AND THE US, IMPLYING THAT YUGOSLAV  
INDEPENDENCE DEPENDED ON GREATER EQUILIBRIUM. I  
RESPONDED, AS I HAVE REPEATEDLY, THAT YUGOSLAV DOWN-  
TURN IN EXPORTS TO BOTH US AND EC CAUSED BY RECESSION  
AND RECESSION IN TURN CAUSED TO A LARGE EXTENT BY OPEC  
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PAGE 02 BELGRA 06225 221140Z

PRICE INCREASES WHICH YUGOSLAVS HAVE OSTENTATIOULSY

SUPPORTED. THUS THEY HAD BEEN HOIST  
ON THEIR OWN PETARD. SEFER AND LUDVIGER SAID THAT  
THEY HAD TO FOLLOW THEIR PRINCIPLES AND I RETORTED THAT  
ALL COUNTRIES FOLLOW THEIR PRINCIPLES; I WAS JUST  
POINTING OUT THE COST.

3. COMMENT: OF COURSE, THE YUGOSLAVS ARE BURNING  
THE CANDLE AT BOTH ENDS. THEY TELL THE ARABS THAT  
THEY OUGHT TO EXPAND TRADE AND GIVE FINANCIAL HELP  
TO YUGOSLAVIA BECAUSE OF YUGOSLAV SUPPORT FOR OPEC  
AND OTHER NON-ALIGNED GEMS DESIGNED TO CLOBBER US.  
FOR A "PRINCIPLED" NATION, THEIR APPROACH IS,  
AT TIMES, DAZZLING.  
SILBERMAN

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NNN

## Message Attributes

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